IGCSA

Indiana Grocery & Convenience Store Association, Inc.
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Phone Conference with FDA OIRA and IGCSA representatives
8 May 2024, 10:00AM EDST.

Introduction of Industry Participants by Joe Lackey, President IGCSA.

The Indiana Grocery and Convenience Store Association (IGCSA) is a Trade Association representing member grocery and convenience stores throughout the State. Two of our members and industry leaders are on the call today.

Eden Pearson is the General Counsel, Governmental Affairs for Casey's General Stores headquartered in Iowa. Casey's currently has over 250 stores and over 3,000 employees in Indiana. Nationally Casey's is 2650 stores, 42,000 employees in 18 states.

Scott Carrico is the Chairman of the Board of the Indiana Grocery and Convenience Store Association. He is the Chief Operating Officer of Richmond Master Distributors headquartered in South Bend Indiana. His company is the principal supplier to hundreds of convenience stores in Indiana, Michigan, Illinois, Ohio and Kentucky. Scott is also past President of Convenience Distributors Association, Indiana Wholesale Distributors Association, Indiana Food and Fuel Association, and serves on the Boards of several State organizations in Indiana and surrounding states.

- **Our purpose in requesting the meeting today is to urge FDA to rescind the planned menthol ban.**

- **A Menthol Ban will result in a very significant negative impact on our industry and to the State of Indiana:**

Identified menthol ban impacts:

- Expect a reduction in employment with a corresponding reduction of taxable wages.
- Expect store closings with corresponding increases in food deserts. Increased negative impact on safety of store employees.
- Loss of such a large percentage of tobacco sales will cause a corresponding loss of ancillary sales, such as food items, hot foods, snacks, fuels and beverages.
- Large drop in non-tobacco sales caused by reduced shopping, further negatively impacting sales tax revenues and in some cases specific taxes such as fuel.
- Master Settlement revenues which fund many health-related agencies and programs will drop.
- Grocery and Convenience Store Wholesalers will by necessity be forced to reduce staffing, delivery personnel and warehouse employment.
- Expect a huge surge in Black Marketing and other criminal activities in all brands and product categories. The upsurge in Black Market activity will necessitate increased state enforcement at a time that state revenues are shrinking.

- Expect increased influx of illegal dangerous, in some cases deadly, smuggled cartel and Chinese products.
- Expect dark-web sales of unauthorized and counterfeit products, including menthols.
- Currently there is no evidence at the Federal level that illegal product sales can be controlled.

A menthol ban is projected to cause a 34% loss of cigarette sales that will result in severe and immediate damage to the State of Indiana's budget.

> Loss of 34% cigarette tax revenue in calendar 2023 would have resulted in $**100,020,615.25** lost revenue and intern would have resulted in the loss of and additional $65,700,410.20 in Sales Tax revenue. It difficult to determine the net impact on Master Settlement revenues but using the 34% reduction it might amount to a loss of $90,509,154.98. All based on 2023 actuals. That is a loss to Indiana of **$256,230,180.43** and causes severe damage to the entire state not just tobacco entities.

34% reduction in Cigarette Tax Revenue in 2023 Calendar Year =	*$100,020,615.25*
Corresponding sales tax revenue loss for same period =	*65,700,410.20*
34% reduction in 2023 Indiana MSA revenues =	*90,509,154.98*
Total minimum impact on Indiana 2023 revenues:	***$256,230,180.43***

To Recap, a menthol ban will cause:

1. Significant loss of State of Indiana Tax Revenues
2. Serious loss of jobs at retail and wholesale levels throughout the State.
3. Major increase in criminal activity necessitating large increase in enforcement budgets.
4. Store closings creating food deserts and reducing employment opportunities.
5. Product bans facilitate cartel and Chinese criminal activity impacting all citizens safety and necessitating increased spending on enforcement.

We respectfully request the menthol ban be rescinded.

Note:

Eden Pearson and Scott Carrico offered comments siting severe damage and fiscal losses to their businesses resulting from a menthol ban. There were no comments or questions from FDA Staff.